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OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Report by the Director-General

Reports on the assessment of UNIDO's implementation of General Assembly resolution 52/203 in preparation for the triennial comprehensive policy review of operational activities for development.

Abbreviations

ITC	International Trade Centre
LDC	least developed country
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WTO	World Trade Organization

Introduction

1. The present report, which updates the information provided in document IDB.19/3, is submitted in compliance with the provisions of United Nations General Assembly resolutions 50/120 (para. 55) and 52/203 on the triennial policy review of operational activities for the development of the United Nations. The text should be considered in conjunction with the report on progress in the transformation of UNIDO (IDB.21/26), which provides information on cooperation with other organizations in the United Nations system, within the UNDAF (United Nations Development Assistance Framework) mechanism, and on United Nations houses in the field.

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2. UNIDO has substantively contributed to the triennial comprehensive policy review of operational activities for the development of the United Nations system in response to General Assembly resolution 50/120. UNIDO's response is focused on five major areas: (a) evaluation of operational activities for development; (b) evolution of operational activities for development; (c) field structures, field coordination and the resident coordinator system; (d) programme development and support issues; and (e) role of partners.

3. Tremendous progress has been achieved by UNIDO, and the activities highlighted above are discussed in detail in the *1998 Annual Report* (IDB.21/10). The following paragraphs provide a summary overview of the policy and strategy issues contained in the annual report which have a bearing on the Organization's follow-up to General Assembly resolution 50/120.

I. SUMMARY OVERVIEW

4. The *1998 Annual Report* explains that UNIDO's transformation was guided by the Member States' Business Plan and the guidance provided by the Secretary-General's reform proposals for enhancing system-wide coherence and effectiveness.[1] As a result, UNIDO is today more responsive to the political and economic realities that have fundamentally changed the nature and scope of development cooperation as set out in the provisions of General Assembly resolution 50/120.

5. The transformation was carried out under four guiding principles:

- **A clear sense of where industrial development needs to go in the early twenty-first century and UNIDO's dynamic role in that development.** This was made evident in a more precise definition of UNIDO's services and products. Their delivery is integrated in a systematic approach of internal cooperation and teamwork to fully meet the needs of recipient countries.

- **A structure, procedures and culture featuring consultation, transparency and dialogue between empowered responsible staff and Member States.** Multidisciplinary teams have been established to drive the transformation, refine the focus, develop integrated programmes and maximize impact. Decentralization and delegation to UNIDO field offices have received priority attention. A programme to set up regional offices has been initiated.

- **Elimination of internal and external overlaps, and duplication of activities.** UNIDO is actively striving to integrate with other United Nations organizations and other multinational, international and bilateral agencies as well as to strengthen significantly its cooperation with the private sector and civil society.

- **The Business Plan as a guideline and point of reference for all the actions.** This has meant particular attention to the industrialization challenges facing Africa and LDCs—but without prejudice to UNIDO's universal mandate.

6. With respect to the need for an agreed division of responsibility among members of the United Nations development system and of greater complementarity in the implementation of their respective mandates, UNIDO has made great strides in achieving the following objectives:

- Support to the system-wide reform initiated by the Secretary-General through greater organizational cost-effectiveness, decentralization and intensified inter-agency cooperation;

- A UNIDO policy firmly aligned with the broad United Nations global agenda of sustainable human development and poverty reduction through UNIDO's programmatic focus on the "three Es" of sustainable industrial development: competitive Economy, productive Employment, and sound Environment, at the policy, institutional and enterprise level;

- A state-of-the-art approach to integrated programming fully complementary to the UNDAF mechanism;

- A series of concrete partnership arrangements with the private sector and civil society;

- Priority attention to Africa and LDCs through integrated programming missions and the Alliance for Africa's Industrialization.

7. As a result of agreements signed in 1998 with UNCTAD, UNDP and UNEP, extensive cooperation is taking place in a wide range of areas (IDB.21/26, chap. I). Memoranda of understanding have also been signed with UNDP field offices in Moscow and New Delhi. Cooperation with other agencies has taken diverse forms, such as participation in the programme of ITC, UNCTAD, UNDP, WTO and the World Bank on trade-related activities in support of LDCs, and with the United Nations Department for Economic and Social Affairs on the Commission on Sustainable Development. UNDP is also actively supporting UNIDO's integrated programming activities in many countries.

8. During UNIDO integrated programming exercises, reviews are initiated to determine development constraints beyond UNIDO's own knowledge base. Sources include programming instruments introduced as part of the United Nations reform (UNDAF, common country assessments and common country frameworks). Special attention is paid to the priorities identified through consultations between UNIDO and key public and private sector stakeholders.

9. Multi- and bilateral agencies are also being systematically consulted. A very encouraging recent development is the positive response to the

[1] Secretary-General, "Renewing the United Nations", A/51/950, 1997.

Director-General's invitation for donor countries' direct participation in UNIDO programming missions. Approximately seven UNIDO integrated programming teams will be complemented by donor country staff or experts. This may help to increase funds made available for UNIDO programmes and improve the coordination of respective field programmes.

10. UNIDO has consolidated its field office programme in line with the Business Plan and General Assembly resolution 50/120, both of which emphasize decentralization of substantive responsibilities, and has strengthened its field presence. This is in line with the reform measures of the United Nations Secretary-General which stress the need for greater cooperation and coherence among funds and programmes in the field within the system, as well as for a unified United Nations field representation. Against this background, the cooperation agreement concluded with UNDP on field-level activities is already enhancing the effectiveness and harmonization of development cooperation activities.

11. Within this context, the development and issuance of a number of administrative instructions defined the operational parameters of UNIDO country and subregional offices and national focal points. These administrative tools provide country offices within the required mechanisms to carry out their enhanced functions and to ensure that UNIDO services are developed in close partnership with host countries and comprise programme quality, evaluation and internal oversight.

12. UNIDO's objective is to meet the industrial development needs of its clients in a manner which provides the greatest and most effective contribution to the process of sustainable development consistent with the mandate, knowledge and experience of the Organization. An important milestone in documenting the system is the recent issuance of guidelines for the formulation of integrated programmes.

II. ACTION REQUIRED OF THE BOARD

13. The Board may wish to take note of the information provided in the present report.